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Financial Statem
04/05

OKHAHLAMBA LOCAL MUNICIPALITY

FINANCIAL STATEMENTS 2004/2005

KwaZulu-Natal Government
Provincial Treasury
2005 -12- 07
PO BOX 3613
PIETERMARITZBURG 3200

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GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

MAYOR	:	CLLR V R Mlotshwa
DEPUTY MAYOR	:	CLLR C B Mabizela
SPEAKER	:	CLLR B D Msibi
EXCO	:	CLLR M Asmal
		CLLR B R Hlongwane
		CLLR R Tungay

GRADING OF LOCAL AUTHORITY

GRADE 2

AUDITORS

AUDITOR-GENERAL : KWAZULU-NATAL

BANKERS

FIRST NATIONAL BANK

REGISTERED OFFICE

CIVIC BUILDINGS	P O BOX 71	TELEPHONE: (036) 448 1076
10 BROADWAY	BERGVILLE	FAX: (036) 448 1986
BERGVILLE	3350	

MUNICIPAL MANAGER

H W JONKER

FINANCIAL DIRECTOR

S NGIBA

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages __to __ were approved by the Municipal Manager on _____2005 and presented to and approved by the Council on _____2005.

S NGIBA	**P.N Chiliza**
ACTING MUNICIPAL MANAGER	**DIRECTOR: FINANCE**

FOREWORD

The new dispensation has posed and continues to pose many challenges for both Councillors and staff, as such absolute dedication is required to meet the needs of the community and to carry out the constitutional obligations for service delivery.

Despite the fact that the existing staff compliment and infrastructure taken over from the former local authorities of Bergville, Cathkin Park and Winterton is still not sufficiently capacitated to perform all the required functions and responsibilities in terms of legislation, Council will endeavour to address these shortcomings of the 01/02 budget.

The Municipality faces many challenges during the forthcoming year insofar as implementing the MFMA and the new Rates Property Act but we hope these will be addressed in the best possible manner within the financial framework and within the available human and other resources.

COUNCILLOR V R Mlotshwa
MAYOR: OKHAHLAMBA LOCAL MUNICIPALITY

AUDITOR'S REPORT

FINANCIAL DIRECTOR'S REPORT

GENERAL REVIEW

The year under review saw greater involvement in Local Authority administration by Provincial authorities, namely the Department of local Government and Development Planning.

The intervention by the Provincial Authorities is all in terms of the Local Government Transition Act Second Amendment 1996. Section 10(G) of this Act covers various financial aspects and places an additional burden on the administration of this department. A strong emphasis is placed on transparency and these statements are also intended to reflect this from a financial point of view.

The financial statements reflect that the council is in a sound financial position.

1. OPERATING RESULTS

1.1 The detail of the operating results can be found in *Appendices C and D* to these financial Statements. The overall results for the financial year ended 30 June 2005 are as follows:

INCOME	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
(DEFICIT)/SURPLUS AT BEGINNING OF THE YEAR	334,614	758,073	126,5	458,073	-
CORRECTIONS I.R.O. PREVIOUS YEAR'S TRANSACTIONS AND ADJUSTMENTS	9,257	40,117		-	
OPERATING INCOME FOR THE YEAR	15,399,797	19,604,339	27,3	24,123,774	(23)

EXPENDITURE	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
OPERATING EXPENDITURE FOR THE YEAR	(14,986,595)	(19,411,679)	29,5	(24,123,776)	(24,3)
SURPLUS / (DEFICIT) AT YEAR END	758,073	990,850	30,7	758,071	30,7

The original budgeted deficit was R 2.The actual operating results reflect a surplus of R 192,660. Operating income was R 4,519,435 less than the budget income whilst expenditure was R 4,712,097 less than the budgeted expenditure of R 24,123,776.

1.2 Financial Statistics

Expenditure	2005 %	2004 %
Personnel Cost	46	56
General Expenditure	44,3	42
Repairs and Maintenance	6,4	3
Capital Charges	2,3	1
Contributions	1	0.6
	100	102.6
Expenditure recharged	-	(2,6)
	100	100

1.3 Reconciliation Of Budget to Actual

		R
Budget surplus/(deficit) before appropriations		(2)
Revenue variances		4,519,437
Expense variances:-		
Personnel cost	(1,082,644)	
General expenses	(2,483,802)	
Repairs and maintenance	(1,154,491)	
Provision for depreciation	(17,591)	
Finance Costs	26,429	
Contribution	-	
Recharges	-	(4,712,099)
Actual surplus before appropriation		192,660

1.4 Financial forecast for the forthcoming year

A summary of the 2005 Operating Budget follows

	Budget 2005	Actual 2005
Rates and General Services	415,428	93,045
Water Services	(415,430)	98,614
Housing	-	1,000
Surplus/(Deficit) before appropriation	(2)	192,660

2. RATES AND GENERAL SERVICES

	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
INCOME	14,706,740	19,537,130	32,8	24,123,774	23,5
EXPENDITURE	14,211,405	19,394,085	36,5	23,658,346	22
SURPLUS/(DEFICIT)	495,334	143,045	(71,1)	465,428	(225.4)

Incorporated under the heading *'Rates and General Services'* are: Community Services, Subsidised Services and Economic Services. (See *'Appendix C).*

3. TRADING SERVICES

3.1 WATER

	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
INCOME	693,057	66,209	(90,4)	-	100
EXPENDITURE	774,190	17,594	(97,7)	465,430	(100)
SURPLUS/(DEFICIT)	(81,132)	48,614	159.9	(465,430)	(100)

4 HOUSING

	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
INCOME	-	1,000	-	-	
EXPENDITURE	-	-	-	-	
SURPLUS/(DEFICIT)	-	1,000		-	

5. CAPITAL EXPENDITURE AND FINANCING

5.1 A summary of the 2005 Capital Budget is as follows:-

	Budget 2005	Actual 2005
Community Services	1,000,000	790,445
Subsidised Services	-	-
Economic Services	203,380	299,612
Trading Services	-	-
Housing Services	-	319,680

5.2 The following fixed assets were purchased during the period under review:

CAPITAL EXPENDITURE ACCORDING TO TYPE	ACTUAL 2005 R	ESTIMATE 2005 R	ACTUAL 2004 R
LAND	319,680	-	-
FENCING	7,000	-	64,764
BUILDINGS	-	-	13,635
AIR CONDITIONERS	-	-	-
PLANNING	-	-	49,249
CONSTRUCTION WORKS	-	1,000,000	-
SEWER NETWORKS	299,612	-	-
RETICULATION – WATER	-	-	-
SEWER MAINS	-	-	1,246,898
FURNITURE	9,047	-	45,468
OFFICE & ACCOUNTING MACHINES	323,107	-	172,011
TOOLS	-	203,380	-
MACHINERY	33,346	-	-
VEHICLES & TRACTORS	417,944	-	380,578
SPECIALISED VEHICLES	-	-	-
CELL PHONES & RADIOS	-	-	-
OTHER	-	-	5454
	1,409,737	1,203,380	1,978,055

The capital expenditure was financed from the following sources:

	ACTUAL 2005 R	ESTIMATE 2005 R	ACTUAL 2004 R
GRANT	943,091	1,203,380	1,755,131
REVENUE	132,702	-	48,454
LEASE AGREEMENT	333,944		174,470
	1,409,737	1,203,380	1,978,055

6. INVESTMENTS AND CASH

Investments are made in accordance with the provisions of the Local Authorities Ordinance No. 25 of 1974. Interest accrued at 30 June 2005 on all investments was brought to account.

7. FUNDS

Information regarding funds is disclosed in notes 1 and 2 to the financial statements.

8. DEBTORS

As at the close of business on 30 June 2005 the total amount for outstanding debtors was R 5,439,141. The provision for bad debts has not been changed as the water and sewer debtors are now the responsibility of Uthukela district municipality.

With the conversion to the new computer system, consumer debtor balances totalling R 605,785 in the debtors subsidiary ledger were not taken on. This will be regularised during 2005/2006.

9. VALUE ADDED TAX

The system in use is operated on the " payment basis". Proportional VAT is claimed on expenditure indirectly incurred in respect of vatable services.

10. CONSUMER DEPOSITS

Discrepancies between debtors deposit listings R 23,825 and the debtors deposit control account R48,482 exist as a result of opening balances not taken on at computerisation of the financial system. This will be corrected during 2005/2006 financial year.

11. BANK RECONCILIATION

Bank reconciliations were not performed for every month. An annual reconciliation was done at year- end.

12. SUNDRY CREDITORS

Sundry creditors are dealt with in accordance with the *"accruals principle"*. Amounts in respect of *"special funds"* and which can not be classified as *"reserves or provisions"* as well as sundry deposits held for various purposes are treated as sundry creditors. (Refer Note 9 to the financial statements)

13. INVENTORY

The council operates on a direct purchase basis and does therefore not administer an inventory system.

14. PROVISIONS

The amount shown under provisions in the Balance sheet represents "Provision for leave". No additional contribution was made during the year.

15. ASSET REGISTER

The asset register has as yet not been computerised. This will receive attention during the 2005/2006 financial year.

16. POST BALANCE SHEET EVENTS

The responsibility for the rendering of water - and sewer services has been transferred to the District Municipality. The transfer of assets and liabilities will be disclosed in the 2005/2006 financial statements.

WORD OF THANKS

The Mayor, the Chairman and members of the Executive Committee, Councillors, the Municipal Manager and Departmental Heads are thanked for the support they have given to the staff of the Treasury Department.

Finally, a special word of thanks to the staff of the Treasury Department for their efforts to prepare these financial statements.

DIRECTOR: FINANCE

BALANCE SHEET AS AT 30 JUNE 2005

	NOTE	2005	2004
CAPITAL EMPLOYED			
STATUTORY FUNDS	1	2,245,607	1,545,382
NON-DISTRIBUTABLE RESERVE	2	9,151,431	8,281,671
DISTRIBUTABLE RESERVE		990,849	758,073
RETAINED SURPLUS / (DEFICIT)		990,849	758,073
LONG TERM LIABILITIES	18	1,652,942	2,154,233
CONSUMER DEPOSITS: SERVICES	3	54,482	48,482
		14,095,311	12,787,841
EMPLOYMENT OF CAPITAL			
PROPERTY, PLANT AND EQUIPMENT	4	9,585,822	8,286,580
INVESTMENTS	5	4,375,140	3,738,543
LONG TERM DEBTORS	6	99,891	309,958
NETT CURRENT ASSETS/[LIABILITIES]		34,458	452,760
CURRENT ASSETS		6,178,846	4,622577
DEBTORS	7 & 8	5,974,557	4,409,190
SHORT TERM PORTION OF LONG TERM DEBTORS	8	201,989	212,087
CASH RESOURCES		2,300	1,300
CURRENT LIABILITIES		6,144,388	4,169,817
CREDITORS	9	4,354,038	2,860,182
PROVISIONS		108,464	108,464
LOANS: SHORT TERM PORTION		894,174	764,871
BANK OVERDRAFT		787,712	436,300
		14,095,311	12,787,841

INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2005

	NOTE	CURR. ACTUAL	CURR. BUDGET	PREV. ACTUAL
RATES AND GENERAL SERVICES		93,045	415,428	495,334
WATER SERVICE		98,614	(415,430)	(81,131)
HOUSING		1,000		
NET SURPLUS/(DEFICIT) FOR THE YEAR		192,660	(2)	414,201
CONTRIBUTION FROM NDR's		99,920		8,073
NET SURPLUS/(DEFICIT) BEFORE APPROPRIATIONS		292,579		422,274
SURPLUS: BEGINNING OF YEAR		758,073		334,615
PREVIOUS YEAR ADJUSTMENTS		(59,803)		1,184
ACCUMULATED SURPLUS/[DEFICIT] AT END OF THE YEAR		990,850		758,073

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2005

	NOTE	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES			
CASH RECEIPTS FROM RATEPAYERS, GOVERNMENT AND OTHER		17,834,362	14,523,989
CASH PAID TO SUPPLIERS AND EMPLOYEES		(17,811,221)	(14,913,247)
CASH GENERATED FROM(UTILISED ON) OPERATIONS	15	23,141	(389,258)
INTEREST RECEIVED		298,885	325,098
INTEREST PAID		(337,345)	(124,048)
NET CASH FROM OPERATING ACTIVITIES		(15,319)	(188,208)
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		(1,409,738)	(1,976,549)
RECEIPTS FROM/(ADVANCES TO) LONG TERM DEBTORS		265,448	(245,250)
NET CASH FROM INVESTING ACTIVITIES		(1,144,290)	(2,221,799)
CASH FLOWS FROM FINANCE ACTIVITIES			
(DECREASE)/INCREASE IN CONSUMER DEPOSITS		6,000	30,300
OTHER CAPITAL RECEIPTS		1,811782	1,574,594
LOANS RAISED		390,769	174,470
LOANS REPAID		(762757)	(229,902)
NET CASH FROM FINANCE ACTIVITIES		1,445,794	1,549,462
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	16	286,185	(860,545)

ACCOUNTING POLICY

1. BASIS OF PRESENTATION

1.1 These financial statements have been prepared so as to conform with the Generally Accepted Municipal Accounting Principles.

1.2 The financial statements have been prepared on the historical cost basis.

2. INVESTMENTS

2.1 Investments are stated at cost, less amounts written off.

2.2 Investments are written down to give recognition to a permanent decline in value.

3. PROPERTY, PLANT AND EQUIPMENT

- *GAMAP 113*

3.1 Property, which includes investment properties, plant and equipment is stated at cost, less accumulated depreciation.

3.2 Major improvements to buildings, plant and equipment are capitalised. Maintenance and repairs are expensed when incurred.

3.3 Heritage assets, defined as culturally significant resources, are not depreciated.

3.4 Depreciation is calculated on cost, using the straight line method over the estimated useful lives of the assets. The depreciation rates are based on the following estimated asset lives:-

	Years		Years
Infrastructure	10 – 15	***Other***	
Roads and paving	10	Buildings	30
Water	20	Specialist vehicles	7
Sewerage	20	Other vehicles	7
Housing	30	Office equipment	6
		Furniture and fittings	10
		Bins and containers	5
		Plant and equipment	5 - 7

ACCOUNTING POLICY (continued)

	Years
Community	
Improvements	30
Recreational Facilities	20 – 30
Security	5

	Years
Investment Properties	30

4. RETIREMENT BENEFITS

- *GAMAP 110*

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating local authorities.

5. REVENUE RECOGNITION

- *GAMAP 106*

5.1 Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportion basis.

5.2 Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

5.3 Revenue from the sale of goods is recognised when the risk is passed to the consumer.

5.4 Revenue arising from the application of the approved tariff of charges is generally when the relevant service is rendered.

5.5 Interest and rentals are recognised on a time proportion basis that takes into account the effective yields on assets.

ACCOUNTING POLICY (continued)

5.6 Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is recognised when collected.

5.7 Amounts received from government and donors for the purpose of acquiring items of property, plant and equipment are classified as capital receipts and credited tot non-distributable reserves. These amounts are released to the income statement over the estimated life of the item of property, plant and equipment acquired.

6. INTERNAL FINANCING OF PROPERTY, PLANT AND EQUIPMENT - *GAMAP 114*

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are set aside from unappropriated surpluses in the Asset Financing Fund (AFF). The cash in the AFF is invested until utilised.

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2005

1 FUNDS

	2005	2004
Asset Financing Fund	1,550,836	1,550,836
Housing Operating Account	694,771	(5,454)
TOTAL STATUTORY FUNDS	2,245,607	1,545,382

ASSET FINANCING FUND

MOVEMENT IN THE FUND IS RECONCILED AS FOLLOW

Balance at beginning of year	1,550,836	1,550,836
Contributions received	-	-
Cash utilised to finance property, plant and equipment		
Balance at the end of the year	1,550,836	1,550,836

The purpose of the asset financing fund is to set aside cash to finance fixed asset additions from internal sources. The contribution to the Aff is based on the integrated development plan financing requirements. When cash is used to finance property, plant and equipment, a corresponding amount is transferred to a non-distributable reserve (see note 2). Unutilised cash is invested as set set out in note 9.

2 NON-DISTRIBUTABLE RESERVES

Capital receipts		
- used to finance property, plant and equipment	7,103,310	6,233,550
- unutilised	6,700,437	5,857,266
Transfers from asset financing fund used to finance property, plant and equipment	402,873	376,284
TOTAL NON-DISTRIBUTABLE RESERVES	2,048,121	2,048,121
	9,151,431	8,281,671

MOVEMENT CAN BE RECONCILED AS FOLLOW

UNUTILISED CAPITAL RECEIPTS

Balance at beginning of year	376,284	556,820
Current year receipts	650,000	1,574,595
Used to finance current year additions	623,412	1,755,131
Balance at the end of the year	402,873	376,284

These capital receipts represents government grants, subsidies and contributions from the public and can only be used for the purpose of acquiring specified property, plant and equipment. These amounts are invested until utilised for the purpose intended. (see note 9).

CAPITAL RECEIPTS (USED TO FINANCE PROPERTY, PLANT AND EQUIPMENT)

Balance at beginning of year	5,857,266	4,110,209
Used to finance current year additions	943,092	1,755,131
Transfer to income statement to offset depreciation charge	99,920	(8074)
Balance at the end of the year	6,700,438	5,857,266

These amounts represent property, plant and equipment financed by government grants, subsidies and contributions from the public. The intention of the benefactor of these amounts is to subsidise the cost of acquiring property, plant and equipment. Accordingly these amounts are released to the income statement over the estimated useful lives of the property, plant and equipment so financed to offset the relevant depreciation charge. the balance of the reserve is transferred to the income statement when the fixed asset so financed is disposed.

TRANSFERS FROM ASSET FINANCING FUND

Balance at beginning of year	2,048,121	2,048,121
Used to finance current year additions	-	-
Transfer to income statement to offset depreciation charge	-	-
Balance at the end of the year	2,048,121	2,048,121

These amounts represent property, plant and equipment financed by the AFF. These amounts are released to the income statement over the estimated useful lives of the property, plant and equipment financed from this source to offset the depreciation charge and prevent duplication in expenses.

3 CONSUMER DEPOSITS - SERVICES

Water	54,482	48,482
TOTAL	54,482	48,482

4 PROPERTY , PLANT AND EQUIPMENT AT NETT BOOK VALUE

Fully owned property , plant and equipment		
Infrastructure	5,467,141	
Community	1,561,628	
Other	2,231,927	
Housing	325,134	
TOTAL	9,585,825	8,286,580

REFER TO APPENDIX "B" FOR MORE DETAIL

5 INVESTMENTS

Unlisted		
	4,375,140	3,7385,44
	4,375,140	3,738,544

MARKET VALUE OF LISTED INVESTMENTS

Council's evaluation of unlisted investments	4,375,140	3,738,544
	4,375,140	3,738,544

ALLOCATION OF EXTERNAL INVESTMENTS

In terms of legislation surplus cash is invested until used for specific purposes . Investments are allocated on the following basis

Asset Financing Fund		
Unutilised capital receipts	1,550,836	1,550,836
Unutilised grants	402,873	1,091,381
Deposits	944,485	1,164,985
Operating account	1,343,094	146,327
TOTAL	133,852	(214,985)
	4,375,140	3,738,544

6 LONG TERM DEBTORS

Vehicle loans	117,293	246,847
Sundry loans	184,587	275,198
SUBTOTAL	301,880	522,045
LESS		
Short-term portion transferred to current assets	201,989	212,087
TOTAL	99,891	309,958
VEHICLE LOANS		

The council granted these subsidised loans to employees who are required to use own transport in the fulfillment of official duties.

SUNDRY LOANS

This Interest free loan refer to cellphone accounts, PAYE loans and overpayment of remuneration granted to councilors.

7 CONSUMER DEBTORS

Service Debtors		
Rates		
Water	1,879,445	922,819
Sanitation	840,992	381,542
Refuse	46,641	22,847
Sundry	216,349	115,007
SUB TOTAL	1,112,498	1,103,415
Less:	4,095,925	2,545,630
Provision for bad debt	911,666	911,666
TOTAL	3,184,259	1,633,964

THE AGEING OF DEBTORS IS AS FOLLOWS

RATES		
Current		
30-60 DAYS	20,288	9,832
61 -90 DAYS	112,543	10,130
91-120 DAYS	124,502	51,839
121 + DAYS	22,238	10,577
TOTAL	1,599,874	840,441
	1,879,445	922,819
Services (Water, Sanitation and Sundry)		
Current		
30-60 DAYS	67,100	39,775
61 -90 DAYS	8,764	274,254
91-120 DAYS	95,136	767,375
121 + DAYS	82,700	34,554
TOTAL	1,962,782	506,853
	2,216,480	1,622,811
TOTAL		
Bad debt provision	4,095,925	2,545,630

The bad debt provision is calculated on the ageing of debtors. council's policy is to provide for 50% on all debtor balances which are outstanding for 120 days or longer.

8. OTHER DEBTORS		
Receiver VAT	150,120	469,198
Sundries	2,640,178	2,306,028
Short term portion of long term debtors	201,989	212,087
	2,992,287	2,987,313
9. CREDITORS		
Trade Creditors	817,536	311,530
Unspent grants	1,875,860	1,222,629
Unallocated deposits	1,343,094	1,174,009
Retention	108,083	97,726
Other	209,465	119
TOTAL	4,354,038	2,806,013
10 ASSESSMENT RATES		
Combined	3,048,655	2,864,662
TOTAL	3,048,655	2,864,662
11 VALUATIONS		
Land	70,648,720	70,630,920
Buildings	161,559,850	158,990,050
TOTAL	232,208,570	229,620,970

Rates are being assessed as follow;-
Bergville:- 5,3752c/R on land and 0,99226c/R on buildings.
Cathkin Park:- 0,187c/R on land and 0,598c/R on buildings.
Winterton :- 9,216064c/R on land.
Driefontein:-0,606c/R on land.
Alphine Heath:- 2,647c/R on land

12 NET SURPLUS /(DEFICIT) FOR THE YEAR	192,660	414,201
DEPRECIATION		
Fully owned property , plant and equipment	-	
Infrastructure	61,485	4,905
Other	49,005	3,960
SUB TOTAL	110,490	8,865
TOTAL DEPRECIATION	110,490	8,865
COUNCILLORS' REMUNERATION		
Mayor's allowance	61,162	52,173
Councillors' allowance	493,518	411,168
Deputy Mayor	50,026	40,259
Speaker	-	41,739
Executive Committee's allowance	130,499	112,256
Allowance personal facilities	70,675	70,476
Allowance personal transport	183,398	145,730
Allowance personal telephone	152,649	156,660
Councillors' pension contribution	106,297	109,145
Councillors' medical contribution	25,760	12,388
TOTAL COUNCILLORS' ALLOWANCE	1,273,984	1,151,994
INVESTMENT INCOME		
Interest received	298,907	320,684
Rental received	4,485	4,414
TOTAL INVESTMENT INCOME	303,392	325,098
CONTRIBUTIONS TO PROVISIONS		
Doubtful debts	-	-
TOTAL CONTRIBUTIONS	-	-
AUDITORS REMUNERATION		
Fees for audit	-	-
Expenses	-	-
Prior year (over) / under provision	-	-
TOTAL AUDITORS REMUNERATION	-	-
ABNORMAL EXPENSES		
Additional staff leave provision	-	
TOTAL ABNORMAL EXPENSES	-	

PROVINCIAL AND CENTRAL GOVERNMENT SUBSIDIES		
Inter-Governmental transfers	15,139,105	8,635,783
TOTAL PROVINCIAL AND CENTRAL GOVERNMENT SUBSIDIES	15,139,105	8,635,783
13 REVENUE		
Assessment rates	3,048,655	2,864,662
Revenue from tariffs	397,608	1,235,276
Fines	97,626	114,058
Government grants and subsidies	15,139,105	10,572,521
Interest	298,907	320,684
Rental income	4,485	4,414
Other income	617,953	288,163
TOTAL INCOME	19,604,339	15,399,778
14 TRANSFER FROM NON- DISTRUBUTABLE RESERVES		
Transfers from capital receipts utilised to finance fixed assets	943,092	1,755,131
Transfers from asset financing fund utilised to finance fixed asset	-	
Additions (see notes 1 and 2)		
TOTAL OF TRANSFERS	943,092	1,755,131
15 CASH GENERATED BY OPERATIONS		
Nett surplus for the year	192,660	414201
Adjustments for :-		
Previous year operating transactions	(59,803)	1,184
Depreciation	110,493	8,868
Housing Operating Account	(141,875)	(5,454)
Capital receipts realised		
Investment income	(298,885)	(325,098)
Interest paid	337,345	124,048
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES	139,935	217,749
Increase / (Decrease) in Debtors	(1,411,289)	(551,892)
Increase / (Decrease) in other Debtors		
Increase / (Decrease) in Provisions	-	(4,524)
Increase / (Decrease) in Creditors	1,294,495	(50,590)
Increase / (Decrease) in Reserves		
CASH GENERATED BY OPERATIONS	23,141	(389,257)
16 CASH AND CASH EQUIVALENTS		
Balance at end of year	3,589,728	3,303,543
Balance at beginning of year	3,303,543	4,164,088
NET INCREASE / (DECREASE) IN CASH AND EQUIVALENTS	286,185	(860,545)

17 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure approved but not yet contracted for	5,707,280	1,978,055
TOTAL CAPITAL COMMITMENTS	5,707,280	1,978,055
This expenditure will be financed from :		
Internal sources	-	-
Grants	5,707,280	1,803,585
External sources	-	174,470
TOTAL OF FINANCE SOURCES	5,707,280	1,978,055

18 LONG TERM LIABILITIES

Annuity Loans	1,993,383	2,618,383
Lease Agreements	553,733	300,721
SUB TOTAL	2,547,116	2,919,104
LESS		
Current portion transferred to current liabilities		
Annuity Loans	680,029	683,288
Lease Agreements	214,144	81,583
SUB TOTAL	894,174	764,861
TOTAL	1,652,942	2,154,233

REFER TO ANNEXURE "A" FOR MORE DETAIL

19 CONTINGENT LIABILITIES

There are no contingent liabilities

20 DEFERED INFRASTRUCTURE MAINTENANCE

	Construction	Water&Sewer
Opening Balance		
Current year		
Current year requirements		
Less: Expenditure current year		
Closing Balance		

Deferred infrastructure maintenance is the quantum of preventative maintenance in terms of Council's approved maintenance plans that have not been undertaken. These amounts are set out for information purposes and have not been taken into account in the determination of the net surplus for the year.

NEXURE: A

EXTERNAL LOANS AS AT 30 JUNE 2005

	Balance at 1 July 2004 R	Received During the Year R	Repaid During the Year R	Balance at 30 June 2005 R
Rate and General Services				
WESBANK 2 Vehicles for Traffic	-	390,769	56,468	334,301
WESBANK Vehicle loan to Municipal Manager	135,012	0	52,876	82,136
DELTA Finance Vehicle for Mayor	165,710	0	28,413	137,297
Winterton Farmers' Association Library and Museum: Interest free loan payable over a period of 20 years	12,600	0	0	12,600
Umsekeli Finance Bridging finance. Repayable at 9% to 12%. Final instalment January 2008.	2,343,750	0	625,000	1,718,750
Water Services				
Development Bank of Southern Africa Water Projects: Repayable at 13.755 to 14.65% p.a. over 25 years	50,829	0	0	50,829
KZNPA Water Works: Interest free loan.	211,204	0	0	211,204
	2,919,105	**390,769**	**762,757**	**2,547,117**

ANALYSIS OF FIXED ASSETS AS AT 30 JUNE 2005

ANNEXURE: B

SERVICE	COST				ACCUMULATED DEPRECIATION			
	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE
INFRASTRUCTURE								
LAND	669,905	-	-	669,905	-	-	-	-
BUILDINGS	162,045	-	-	162,045	162,045	-	-	162,045
FENCING	33,212	-	-	33,212	33,212	-	-	33,212
CONSTRUCTION WORKS	7,813,920	-	-	7,813,920	5,150,581	-	-	5,150,581
WATER RETICULATION	6,156,389	-	-	6,156,389	5,502,608	-	-	5,502,608
SEWER RETICULATION	1,246,896	299,612	-	1,546,508	4,907	61,485	-	66,393
TOOLS	57,191	-	-	57,191	57,191	-	-	57,191
MACHINERY	135,186	-	-	135,186	135,186	-	-	135,186
VEHICLES AND TRACTORS	432,737	-	-	432,737	432,737	-	-	432,737
SPECIALISED VEHICLES	508,455	-	-	508,455	508,455	-	-	508,455
COMMUNITY	17,215,936	299,612	-	17,515,548	11,986,922	61,485	-	12,048,407
LAND	6,500	-	-	6,500	-	-	-	-
BUILDINGS	2,633,345	-	-	2,633,345	1,210,159	-	-	1,210,159
FENCING	31,309	-	-	31,309	31,309	-	-	31,309
FURNITURE	155,362	-	-	155,362	23,420	-	-	23,420
TOOLS	3,316	-	-	3,316	3,316	-	-	3,316
OFFICE MACHINES	17,146	-	-	17,146	17,146	-	-	17,146
MACHINERY	111,934	-	-	111,934	111,934	-	-	111,934
VEHICLES AND TRACTORS	39,653	-	-	39,653	39,653	-	-	39,653
SPECIALISED VEHICLES	46,120	-	-	46,120	46,120	-	-	46,120
OTHER	3,044,685	-	-	3,044,685	1,483,057	-	-	1,483,057
LAND	210,542	-	-	210,542	-	-	-	-
BUILDINGS	1,163,604	-	-	1,163,604	980,468	-	-	980,468
FENCING	110,388	7,000	-	117,388	45,624	-	-	45,624
PLANNING	364,891	-	-	364,891	315,578	1,641	-	317,219
CONSTRUCTION WORKS	1,727,765	-	-	1,727,765	1,727,765	-	-	1,727,765
FURNITURE	123,347	9,047	-	132,394	79,395	301	-	79,696
OFFICE MACHINES	962,322	323,107	-	1,285,429	438,972	17,012	-	455,984
TOOLS	17,607	-	-	17,607	3,253	-	-	3,253
MACHINERY	3,595	33,346	-	36,941	3,595	608	-	4,203
VEHICLES AND TRACTORS	412,228	417,944	-	830,172	31,650	29,443	-	61,093
CELL PHONES & RADIOS	27,052	-	-	27,052	26,352	-	-	26,352
HOUSING	5,123,141	790,445	-	5,913,586	3,632,654	49,005	-	3,681,659
LAND	5,454	319,680	-	325,134	-	-	-	-
TOTAL	25,389,216	1,409,737	-	26,798,953	17,102,634	110,490	-	17,213,124

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDING 30 JUNE2006

ANNEXURE: C

ACTUAL PREVIOUS		ACTUAL CURRENT	BUDGET CURRENT
	REVENUE		
10,319,206	GOVERNMENT/PROVINCIAL GRANTS/SUBSIDIES	15,139,105	18,506,923
2,899,402	RATES INCOME	3,114,865	3098215
637,170	SALE OF WATER	-	-
1,544,018	OTHER INCOME	1,350,367	2,518,636
15,399,796	TOTAL	19,604,339	24,123,774
	EXPENDITURE		
8,355,453	SALARIES AND ALLOWANCES	8,922,016	10,004,660
6,395,104	GENERAL EXPENSES	8,612,315	11,096,117
0	BULK PURCHASES: WATER	0	0
6,395,104	OTHER	8,612,315	11,096,117
494,757	REPAIRS AND MAINTENANCE	1,247,107	2,401,598
8,668	DEPRECIATION	110,493	312,500
124,048	FINANCE COSTS	337,346	152,930
7,365	CONTRIBUTIONS TO RESERVES	182,400	155,971
0	CONTRIBUTION TO CAPITAL OUTLAY	0	0
15,385,595	SUB TOTAL	19,411,679	24,123,776
(400,000)	EXPENDITURE ALLOCATED ELSEWHERE	-	-
14,985,595	TOTAL	19,411,679	24,123,776
414,201	NETT SURPLUS/(DEFICIT)	192,660	(2)

SEGMENTED INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2005

ANNEXURE: D

PREVIOUS YEAR ACTUAL INCOME	PREVIOUS YEAR ACTUAL EXPEND.	PREVIOUS YEAR SURPLUS (DEFICIT)		ACTUAL INCOME	ACTUAL EXPEND.	SURPLUS (DEFICIT)
14,706,740	14,211,405	495,334	**RATES AND GENERAL SERVICES**	19,537,130	19,394,084	143,045
13,878,874	12,682,879	1,195,995	**COMMUNITY SERVICES**	18,057,082	17,216,339	840,743
10,599,650	3,782,312	6,817,337	COUNCIL GENERAL:OKHAHLAMBA	14,500,854	5,573,707	8,927,147
	805	(805)	COUNCIL GENERAL:CATHKIN PARK		226,225	(226,225)
	23,880	(23,880)	COUNCIL GENERAL:WINTERTON		394,437	(394,437)
18,835		18,835	COUNCIL GENERAL:ALPINE	35,346		35,346
12,388		12,388	COUNCIL GENERAL: DRIEFONTEIN	12,384		12,384
1,248,536		1,248,536	ASESSMENT RATES:BERGVILLE	1,437,232		1,437,232
575,879		575,879	ASESSMENT RATES:CATHKIN PARK	568,881		568,881
1,019,422		1,019,422	ASESSMENT RATES:WINTERTON	1,022,104		1,022,104
13,703	1,318,534	(1,304,831)	MUNICIPAL MANAGER	104,589	3,120,232	(3,015,643)
4,414	1,782,740	(1,778,326)	CORPORATE SERVICES	4,485	1,508,548	(1,504,063)
320,680	1,812,680	(1,491,999)	FINANCIAL SERVICES	299,095	1,433,165	(1,134,069)
	279,542	(279,542)	TOURISM		392,189	(392,189)
63,338	3,675,178	(3,611,840)	PUBLIC WORKS:OKHAHLAMBA	70,024	4,526,562	(4,456,537)
	2,596	(2,596)	PUBLIC WORKS:CATHKIN PARK		357	(357)
2,025	4,607	(2,582)	PUBLIC WORKS:WINTERTON	2,083	40,913	(38,829)
			PUBLIC WORKS:KHETANI			
447,169	1,441,350	(994,181)	**SUBSIDISED SERVICES**	1,148,708	2,074,710	(926,002)
115,421	53,359	62,061	LIBRARY:BERGVILLE	2,629	109,629	(106,999)
4,096	86,117	(82,021)	LIBRARY:WINTERTON	4,725	108,760	(104,035)
	75,539	(75,539)	MUSEUM:WINTERTON	36,742	82,035	(45,292)
253,315	763,809	(510,493)	PUBLIC HEALTH:BERGVILLE	929,050	1,032,106	(103,054)
	1,441	(1,441)	PUBLIC HEALTH CATHKIN PARK		16,301	(16,300)
57,468	46,1082	(403,614)	TRAFFIC:OKHAHLAMBA	160,728	725,878	(565,150)
5,867		5,867	CEMETERY:BERGVILLE	6,590		6,590
11,001		11,001	CEMETERY:WINTERTON	8,241		8,241
380,695	87,175	293,520	**ECONOMIC SERVICES**	331,339	103,034	228,304
141,401		141,401	REFUSE:BERGVILLE	151,639	13,887	137,751
155,781	79,689	76,092	REFUSE: WINTERTON	179,699	27,661	152,038
83,513	2,578	80,934	SEWER: BERGVILLE	-	-	-
	4,907	(4,907)	SEWER: WINTERTON		61,485	(61,485)
			HOUSING SERVICES	1,000		1,000
			HOUSING DEVELOPMENT	1,000		1,000
693,057	774,190	(81,132)	**TRADING SERVICES**	66,209	17,594	48,614
141,861	430,056	(288,194)	WATER SERVICE: BERGVILLE	41,509	-	41,509
	686	(686)	WATER RETICULATION: BERGVILLE		17,594	(17,594)
551,195	343,078	208,117	WATER SERVICE: WINTERTON	24,700	-	24,700
			WATER RETICULATION: WINTERTON		-	-
15,399,797	14,985,595	414,201		19,604,339	19,411,679	192,660